

January 27, 2010

Ms Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria Virginia 22314-3428

Re: Proposed Regulation 12 CFR Part 704

Dear Ms. Rupp:

I am writing to comment on proposed changes to corporate credit union regulations. As background, I am the CEO of an \$80 million dollar credit union with membership in both WesCorp and Southwest Corporate. We serve 10,000 members. I formerly served on the supervisory committee of Northwest Corporate until its merger with Southwest Corporate. Southwest Corporate is our correspondent for Fed settlement services and for liquidity needs. We use WesCorp for investment activity.

We continue to support a credit union owned option to provide the aforementioned services. Support is predicated on a corporate business model we deem viable and cost competitive with other marketplace alternatives.

Capitalization

We support more stringent capital requirements but ask that the surviving corporates be given a reasonable time to build their capital. We support Southwest Corporate's recommendations regarding capital: The transition period required to meet the minimum risk based capital requirements be one year from the effective date of Reg 704 or one year from the implementation of a legacy asset solution, which ever is later. We ask that corporates have three years from the effective date of the Reg to meet their leverage ratio requirements.

We certainly support Prompt Corrective Action for the corporate system when the more stringent standards are not met.

Business Model

I stated earlier that the business model must be viable. I have reviewed both WesCorp and Southwest Corporate presentations suggesting that the 704.8(e) section is so restrictive that corporates will not be able to make a sufficient return on assets to meet the capital standards set out in the Reg. That would seem to be a model set up to fail.

I do not pretend to have the technical expertise to make specific recommendations for change to section 704.8. I defer to those with the technical expertise and the real world experience of dealing with market impacts to the modeling results. If we have experts from two corporates, including leadership put in place by NCUA, telling us that section



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704.8 needs to be changed, I buy into their thinking. I ask you to look closely at their recommendations to allow corporates to prudently take risk and still meet stricter capital requirements.

Effectively eliminating all risk will eliminate the corporate system. Smaller credit unions such as ourselves have limited resources. A viable corporate system allows us to efficiently manage settlement and liquidity needs.

Thank you for considering my comments.

Sincerely,

Robert Harris
President

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